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**Interim Report on Status of
Implementing the North American Free
Trade Agreement's Cross-Border
Trucking Provisions**

Federal Motor Carrier Safety Administration

Report Number: MH-2001-059

Date Issued: May 8, 2001






U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Memorandum

Subject: ACTION: Interim Report on Status of Implementing the
North American Free Trade Agreement's Cross-Border
Trucking Provisions
Federal Motor Carrier Safety Administration
MH-2001-059

Date: May 8, 2001

From: Alexis M. Stefani 
Assistant Inspector General for Auditing

Reply to Attn: JA-40
Of:

To: Julie A. Cirillo
Assistant Administrator (Chief Safety Officer)
Federal Motor Carrier Safety Administration

We are providing this interim report in response to a February 2001 request from Senator Ernest Hollings and Congressman James Oberstar. They requested that we report on the existing conditions regarding the following elements at the U.S.-Mexico border:

- the percentage of Mexican trucks placed out of service for serious safety violations,
- the number of inspectors assigned to commercial border crossings and the available inspection facilities,
- the verification of registration information authorizing Mexican carriers to operate in the United States, and
- the progress made between Mexico and the United States to harmonize motor carrier safety processes.

In a 1998 report,¹ we concluded there was not reasonable assurance that, in the near term, trucks entering the United States from Mexico would comply with U.S. safety regulations. Specifically, we found that, with the exception of trucks entering California, far too few trucks were being inspected at the U.S.-Mexico border, and that too few inspected trucks complied with U.S. safety standards. During fiscal year (FY) 1997, commercial trucks made 3.5 million crossings² into the United States at the southern border (border States are Arizona, California, New Mexico, and Texas), and Federal and State inspectors performed 17,332 inspections on Mexican trucks. About 44 percent of those trucks inspected were removed from service because of serious safety violations.

In our 1998 report, we estimated that 126 additional Federal inspectors, for a total of 139 inspectors were needed to provide stronger controls and to ensure that Mexican trucks and drivers entering the United States were safe. In a related report,³ we concluded that adequate controls were not in place to monitor access of Mexico-domiciled motor carriers to the United States. As a result, we identified 254 Mexico-domiciled motor carriers that operated improperly in the United States, violating U.S. statutes either by not obtaining operating authority or by operating beyond the scope of their authority.

RESULTS IN BRIEF

The Administration's FY 2002 budget request includes significant funding (\$344 million) for the Federal Motor Carrier Safety Administration (FMCSA) to ensure compliance with U. S. safety regulations and, in particular, to facilitate implementation of the North American Free Trade Agreement's (NAFTA) provisions. FMCSA has not completed an implementation plan to ensure safe opening of the U.S.-Mexico border to commercial vehicles. FMCSA officials are developing such a plan in preparation for implementing NAFTA provisions and in response to the February 2001, NAFTA tribunal's ruling that the United States was in breach of its NAFTA obligations. A completion date for the plan has not been established, but FMCSA officials anticipate its completion in May 2001. Until the implementation plan is at least drafted, there is no basis to assess the reasonableness of FMCSA's planned actions.

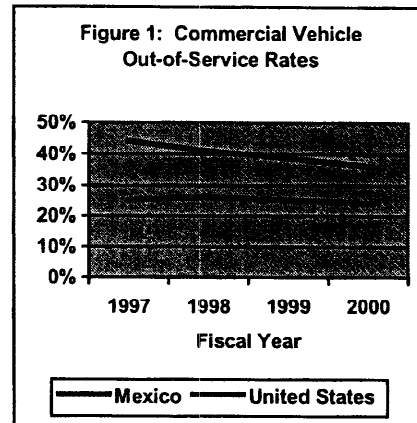
For the elements requested by Senator Hollings and Congressman Oberstar, at the U.S.-Mexico border, we found the following.

¹ "Motor Carrier Safety Program for Commercial Trucks at U.S. Borders," Report Number TR-1999-034, December 28, 1998.

² The number of truck crossings represents the total number of trips through U.S. Customs made by commercial trucks and could include multiple trips by the same truck.

³ "Mexico-Domiciled Motor Carriers," Report Number TR-2000-013, November 4, 1999.

- During FY 2000, FMCSA reports show Federal and State inspectors performed 46,144 inspections on Mexican trucks at the border and within the commercial zones. For those inspected, the out-of-service rate (percentage of trucks removed from service because of serious safety violations) declined, from 44 percent in FY 1997 to 36 percent in FY 2000. This contrasts with a 24-percent out-of-service rate in FY 2000 for U.S. trucks.



- A direct correlation exists between the condition of Mexican trucks entering the United States and the level of inspection resources at the border. California State inspectors are present during all commercial operating hours at its two major crossings, Otay Mesa and Calexico. During FY 2000, FMCSA reports show the out-of-service rate for Mexican trucks inspected at Otay Mesa was 23 percent compared to 50 percent at one crossing in El Paso, Texas, where neither Federal nor State inspectors were present during all operating hours.
- FMCSA increased the authorized number of inspectors at the southern border from 13 in FY 1998 to 60 in FY 2001 and requested *80 additional enforcement personnel* in its FY 2002 budget request. According to an FMCSA official, "when the border opens virtually all of the additional Federal enforcement personnel will be deployed to conduct vehicle inspections in border areas." However, the FMCSA official noted that, "as the Agency assesses the volume of applications for operating authority and begins to conduct safety reviews of Mexican carriers, flexibility will be required to deploy enforcement personnel to perform critical safety oversight tasks." Deploying the additional 80 enforcement personnel at the border would bring the total number of authorized Federal inspectors there to 140, and be responsive to the recommendation in our 1998 report. If these 80 enforcement personnel are not deployed onsite at the border in the near term, sufficient inspectors will not be in place at all border crossings during all hours of commercial vehicle operations except for California's two major crossings at Calexico and Otay Mesa.
- Our 1998 estimate that 139 Federal inspectors were needed (126 in addition to the 13 Federal inspectors on board) is a conservative number. The estimate was based on conditions in 1998 and did not account for changes such as expanded hours of operation and growth in commercial traffic. FMCSA requested \$18 million in new funding in its FY 2002 budget request to increase border State motor carrier inspection activities based on the assumption that

the border States would construct border inspection facilities and staff them with State personnel. In the near term, FMCSA should not assume that the border States will deploy inspectors at all border crossings during all hours of commercial operations to ensure the safety of Mexican trucks and drivers and to enforce Federal registration requirements.

- No new inspection facilities have been constructed since our 1998 report, although FMCSA has provided portable buildings at seven border crossings and construction began in March 2001 on a State inspection facility in Santa Teresa, New Mexico. FMCSA requested \$56.3 million in its FY 2002 budget for infrastructure improvements and construction projects for Federal and State inspection facilities at the U.S.-Mexico border.
- Currently, the only permanent inspection facilities at the U.S.-Mexico border are the State facilities in Calexico and Otay Mesa, California. At the other 25 border crossings we observed that:
 - At 20 crossings, FMCSA inspectors did not have dedicated telephone lines to access databases, such as those for validating a Commercial Driver's License.
 - At 19 crossings, FMCSA inspectors had space to inspect only 1 or 2 trucks at a time.
 - At 14 crossings, FMCSA inspectors had only 1 or 2 spaces to park vehicles placed out of service. Also, the out-of-service space was shared with the inspection space at the majority of these crossings.
- In the near term, developing an inspection capability that includes providing inspectors and inspection facilities at the border crossings, is key to ensuring compliance with U.S. safety regulations and facilitating the implementation of NAFTA provisions. However, in the long term, FMCSA will ultimately need to develop upstream capabilities and facilities to ensure the safety of Mexican domiciled carriers operating in the United States. In this regard, FMCSA issued three draft rulemakings related to the implementation of NAFTA provisions on May 3, 2001.
 - Two of the rulemakings propose changes in regulations and application forms for Mexican carriers wanting to operate only in the border States' commercial zones and for Mexican carriers wanting to operate beyond the commercial zones within the United States.
 - The third rulemaking proposes implementing a safety monitoring system to help determine whether Mexican domiciled carriers operating in the United States comply with safety regulations.

- Verification of registration information and enforcement of registration requirements remain inconsistent from State to State along the U.S.-Mexico border. U.S. Customs Service officials are not required to and do not routinely review certificates of registration as Mexican trucks enter the United States. Federal safety inspectors review the certificate of registration as part of safety inspections at the border crossings and enforce the registration requirements. However, California is the only State that requires its inspectors to review certificates of registration when performing safety inspections at border crossings and throughout the State, and enforce the registration requirements. The other three border States do not do so because State laws are not compatible with Federal requirements to review and enforce registration requirements.
- Mexico has made some progress in establishing safety requirements for its motor carrier operations. According to Mexican officials, Mexico issued a rule requiring all commercial drivers to log hours of service, issued a standard for its inspections of commercial vehicles, and automated its information systems for motor carriers, commercial drivers and vehicles.

SUMMARY OF RECOMMENDATIONS

We recommend that the Assistant Administrator (Chief Safety Officer):

- Finalize and execute a comprehensive plan that identifies specific actions and completion dates for the implementation of NAFTA's cross-border provisions (including staffing and facilities), and that reasonably ensures safety at the southern border and as the commercial vehicles traverse the United States.
- Increase the number of Federal safety inspectors at the U.S.-Mexico border to at least 139 (our 1998 estimate of 126 plus the 13 authorized in 1998) to enforce Federal registration and safety requirements during all port operating hours, and provide the requisite inspection facilities.

BACKGROUND

With the signing of NAFTA in December 1992, Mexico and the United States agreed to permit cross-border trucking within both countries' border States starting no later than December 18, 1995. However, for safety reasons, in 1995 the U.S. Government delayed implementation of this access, and continued a 1982 Bus Regulatory Reform Act moratorium permitting Mexican trucks to operate only in restricted, designated commercial zones in the four border States (Arizona, California, New Mexico, and Texas). These commercial zones generally encompass areas extending between 3 and 20 miles north of U.S. border cities. Mexican commercial trucks enter the United States to make deliveries or pick up cargo within these zones. Currently, commercial trucks enter the United States at the 27 southern border crossings listed in Figure 2.

NAFTA states that motor carriers entering a NAFTA country must comply with the safety and operating regulations of that country. Each NAFTA country is responsible for ensuring that foreign motor carriers comply with its safety and operating regulations. FMCSA and the States share responsibility for ensuring that commercial trucks comply with safety regulations within the United States. FMCSA is responsible for establishing and overseeing the motor carrier safety programs and provides grants to the States under the Motor Carrier Safety Assistance Program to perform inspections of commercial trucks and drivers, and collect safety performance data.

In 1998, Mexico challenged the United States' delayed implementation of cross-border trucking. Mexico contended the United States was in violation of NAFTA provisions, and asked the NAFTA enforcement tribunal to rule on the dispute. In its February 6, 2001 report, the NAFTA tribunal ruled that the United States was in breach of its NAFTA obligations and recommended the United States take steps to bring its practices with respect to cross-border trucking into compliance.

U.S. Customs Service reports show continued growth in the number of commercial truck crossings at the U.S.-Mexico border. In FY 2000, over 4.5 million commercial

**Figure 2: Southern
Border Crossings**

California

Otay Mesa
Tecate
Calexico
Andrade

Arizona

San Luis
Lukeville
Sasabe
Nogales
Naco
Douglas

New Mexico

Columbus
Santa Teresa

Texas

El Paso-BOTA
El Paso-Yselta
Fabens
Presidio
Del Rio
Eagle Pass
Laredo-World Trade Bridge
Laredo-Columbia
Roma-Falcon
Roma
Rio Grande City
Pharr
Progreso
Brownsville-Los Indios
Brownsville-Veterans

trucks entered the United States at the southern border. The U.S. Customs Service reports include all vehicles operating in commerce in the count of commercial truck crossings including small trucks and vans, which are not subject to Federal Motor Carrier Safety Regulations.

DETAILS OF THE REVIEW

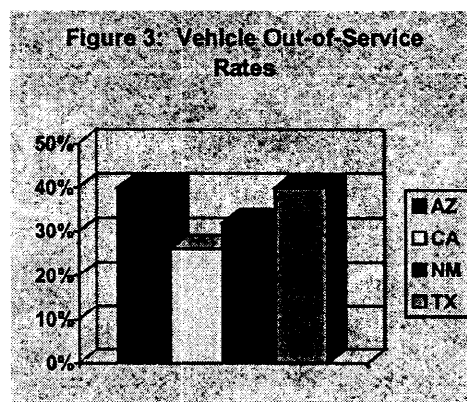
FMCSA's Implementation Plan Is Under Development

FMCSA does not have an implementation plan to ensure safe opening of the U.S.-Mexico border to commercial vehicles. According to FMCSA officials, they are preparing such a plan for implementation of NAFTA's cross border provisions. FMCSA officials stated the plan will address NAFTA provisions, and FMCSA's resource requirements, enforcement strategy, infrastructure needs, information systems, outreach and education, transborder operations, and regulatory requirements such as the application form to request approval to operate in the United States. A completion date for the plan has not been established, but FMCSA officials anticipate its completion some time in May 2001.

FMCSA Reports Show Declining Out-of-Service Rates for Mexican Trucks

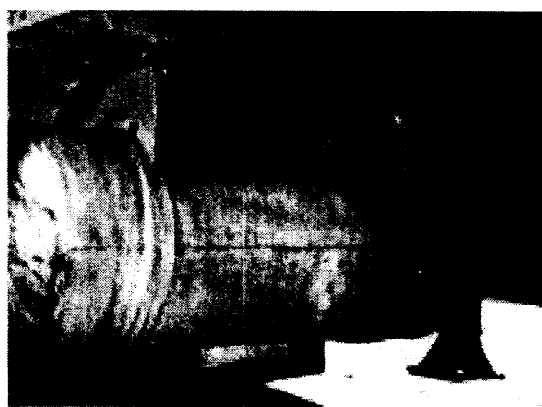
In 1998, we reported that about 44 percent of the Mexican trucks that were inspected entering the United States failed to meet U.S. safety requirements and were placed out of service. FMCSA reports that in FY 2000, 36 percent of the Mexican trucks that were inspected were placed out of service. This contrasts with a 24 percent out-of-service rate for U.S. trucks nationwide in FY 2000.

A direct correlation exists between the condition of Mexican commercial trucks entering the United States and the level of inspection resources at the border. California has an inspection presence during all operating hours at its two major crossings and inspects each commercial truck that does not have a valid inspection sticker (Commercial Vehicle Safety Alliance sticker valid for 3 months). The condition of the Mexican commercial trucks entering at the Mexico-California border is much better than those entering through all other border States. For example, according to FMCSA, during FY 2000, the out-of-service rate for Mexican trucks inspected in California was about 26 percent compared to out-of-service rates of 32, 40, and 40 percent in New Mexico, Arizona, and Texas, respectively.



The pictures below illustrate a Mexican truck being placed out of service after an inspection at the U.S.-Mexico border. The truck was placed out of service by a State inspector at the San Luis, Arizona crossing. This vehicle had a cracked spring, which could result in the trailer and load shifting. In addition, this vehicle had a missing bolt underneath its trailer (shown on the right) that secures the fuel tank for the refrigerator unit. The missing bolt could allow the fuel tank to dislodge from the trailer. Either of these conditions could cause an accident.

Out of Service Vehicle at San Luis, Arizona



However, not all of the Mexican trucks entering the United States are in disrepair. At right is one of the newer, safer trucks, which we observed at the World Trade Bridge crossing in Laredo, Texas. This vehicle is from a motor carrier located in Mexico's interior.



Drivers are also placed out of service for safety violations such as not having a valid Commercial Driver's License. FMCSA reports that 6 percent of the Mexican drivers were placed out of service in FY 2000 compared to 8 percent for U.S. drivers nationwide. However, the driver out-of-service rates are not comparable because during that time U.S. inspectors were not able to verify Mexican Commercial Driver's Licenses. The capability to electronically verify Mexican Commercial Driver's Licenses is now available to U.S. inspectors at the U.S.-Mexico border, and data obtained during 2001 should provide a more accurate basis for comparing out-of-service rates of Mexican and U.S. drivers.

Staffing Has Improved but Inspection Facilities Remain the Same

During March 5 through 16, 2001, we visited all 27 southern border crossings, which are shown in Exhibit A. We observed that FMCSA had increased the number of Federal inspectors since our 1998 report and although no new facilities had been constructed, FMCSA had provided portable buildings at seven border crossings. The following provides details of our observations.

Federal Inspectors Increased at the U.S.-Mexico Border

FMCSA has increased the number of full-time Federal inspectors assigned to the southern border. In 1998, 13 Federal inspectors were assigned to the 4 border States as shown in Figure 4. We recommended the addition of 126 Federal inspectors to monitor commercial trucks at the southern border in order to ensure highway safety throughout the border States and the interior States.

Figure 4: Federal Inspectors at the U.S. – Mexico Border As of FY 1998					
State	Border Crossings	Percent of Commercial Traffic for FY 1997	Number of Federal Inspectors Assigned	Additional Federal Inspectors Recommended*	Total Inspectors Needed
<i>Arizona</i>	6	10	3	15	18
<i>California</i>	4	22	0**	16	16
<i>New Mexico</i>	2	1	0	6	6
<i>Texas</i>	16	67	10	89	99
<i>Totals</i>	28	100	13	126	139

*Motor Carrier Safety Program for Commercial Trucks at U.S. Borders,”
Report Number TR-1999-034, December 28, 1998.

**California provides full-time State inspectors.

In FY 2000, FMCSA added 27 Federal inspectors, and 20 more inspectors were authorized in FY 2001. FMCSA officials stated they assigned the new inspectors to border States based on commercial traffic. As of March 27, 2001, FMCSA filled 10 of the 20 FY 2001 inspector positions, resulting in a total of 50 Federal inspectors assigned to the southern border. FMCSA was advertising for and interviewing candidates for eight positions located in Texas. The remaining two positions were allotted to California and are not intended to perform inspections at the Mexico-California border. Figure 5 shows where the 50 Federal inspectors were assigned.

**Figure 5: Federal Inspectors at the U.S.-Mexico Border
as of March 27, 2001**

State	Border Crossings	Percent of Commercial Traffic for FY 2000	Number of Federal Inspectors
<i>Arizona</i>	6	7	7
<i>California</i>	4	23	0
<i>New Mexico</i>	2	1	1
<i>Texas</i>	15*	69	42
Totals	27	100	50

*Currently, commercial trucks can only enter at two crossings at the Brownsville, Texas port, reducing the number of Texas crossings to 15, compared to 16 in 1998.

In its FY 2002 budget request, FMCSA requested 80 additional Federal enforcement personnel to enhance safety at the U.S.-Mexico border. FMCSA has not yet released its plan for where these additional personnel will be stationed. However, FMCSA documents supporting its budget request indicate 40 will be inspectors and 40 will be investigators. Normally, inspectors inspect commercial vehicles and drivers and investigators conduct compliance reviews of motor carriers.

The consequence of not deploying the requested resources in the near term as onsite inspectors is that sufficient inspectors will not be in place at all border crossings during all hours of commercial vehicle operations. According to an FMCSA official, "when the border opens virtually all of the additional Federal enforcement personnel will be deployed to conduct vehicle inspections in border areas." In addition to performing safety inspections, an FMCSA official said that the resources will be used to perform safety audits of motor carriers as proposed in the Motor Carrier Safety Improvement Act of 1999 and also to review applications requesting authority to operate in the United States. The FMCSA official further stated that, "as the Agency assesses the volume of applications for operating authority and begins to conduct safety reviews of Mexican carriers, flexibility will be required to deploy enforcement personnel to perform critical safety oversight tasks."

To arrive at our 1998 estimate of 126 additional inspectors, we assumed that 2 inspectors were needed to provide coverage during all hours of commercial vehicle operations at each crossing. We added 2 more inspectors per crossing for each 100,000 commercial vehicles that traveled through a crossing in FY 1997. This was based on the assumption that any port with more than 100,000 commercial vehicle crossings would likely experience higher volumes of long-haul commercial traffic. Our 1998 estimate of 126 additional Federal inspectors for the U.S.-Mexico border is conservative because it was an estimate for the near term, and did not:

- include the amount of time an inspector would be away from work for training and approved absences,
- allow for expanded hours for commercial port operations,
- account for continued commercial traffic growth,
- include providing inspectors to perform only visual inspections of trucks or electronic verification of Commercial Driver's Licenses (the capability to electronically verify Mexican Commercial Driver's Licenses is now available to Federal inspectors at the U.S.-Mexico border), and
- include inspectors to perform visual inspections of passenger buses and safety inspections for commercial bus drivers. Four port cities accounted for 80 percent of about 269,000 passenger bus crossings at the U.S.-Mexico border in FY 2000 (Otay Mesa and San Ysidro, California; and Hidalgo and Laredo, Texas).

State Inspectors Do Not Provide Coverage During All Operating Hours at All Border Crossings

FMCSA provided additional financial support to the four southern border States to inspect commercial vehicles entering the United States. For FYs 1997 through 2001, FMCSA augmented the four border States' Motor Carrier Safety Assistance Program basic grants of \$37.3 million with supplemental funding, about \$14 million, for border enforcement actions. The funds are primarily used for overtime and travel expenses of State commercial vehicle enforcement officers conducting inspections at the border on a part-time basis.

As of March 27, 2001, State inspectors continued to maintain an inspection presence during all operating hours at two major border crossings, in Calexico and Otay Mesa, California. These two crossings account for 94 percent of California's commercial vehicle crossings. The remaining 6 percent occur at two smaller crossings where State inspectors are not present during all border hours of commercial vehicle operations. California's total commercial vehicle crossings account for about 23 percent of all commercial traffic at the U.S. southern border.

The three remaining border States did not provide inspectors during all operating hours to oversee the remaining 77 percent of the traffic. Arizona provides one full-time inspector at its largest commercial crossing, in Nogales, during 61 percent of its commercial operating hours. For all six Arizona crossings, Department of Public Safety commercial vehicle enforcement officers perform safety inspections on a part-time basis.

In New Mexico, 12 Department of Public Safety commercial vehicle enforcement officers perform safety inspections at its two border crossings and locations within its designated commercial zones. None of these inspectors are full-time inspectors at a border crossing. The New Mexico Department of Public Safety recently

received approval to hire nine personnel in FY 2002 to staff a new inspection facility under construction in Santa Teresa, an existing border crossing.

In Texas, 37 Department of Public Safety commercial vehicle enforcement officers and 5 civilian inspectors cover Texas' 1,200 miles of border with Mexico, performing safety inspections at its 15 border crossings and within its designated commercial zones. None of these inspectors are full-time inspectors at a border crossing. In FY 2000, 69 percent of the commercial traffic at the southern border entered the United States at Texas border crossings. The Texas Department of Public Safety has requested authorization for 65 additional personnel for border enforcement beginning in FY 2002. If the State authorizes these personnel, they would be added over a 2-year period.

FMCSA reports show that in FY 2000 State inspectors performed 72,205 inspections, 26,546 on Mexican vehicles and 45,659 on U.S. vehicles at the border crossings and within the commercial zones. State officials said additional inspections occurred because commercial enforcement officers were at the border on overtime and in a travel status from other parts of the State, and not on a permanent basis.

Although border enforcement actions were enhanced, other than the two major crossings in California, State inspectors were not present at border crossings during all hours of commercial vehicle operations. In addition, it cannot be assumed that the additional \$18 million FMCSA requested in its FY 2002 budget will be used to staff inspection facilities with State personnel. For example, a Texas official stated that Texas would only hire additional inspectors for the border if the State authorized the inspectors, and not because additional grant funds were provided. Overall, the increase in Federal inspectors and the States' enhanced border activities did not provide sufficient inspectors during all hours of commercial vehicle operations.

Inspection Facilities Remain the Same but Improvements Are on the Horizon

No new inspection facilities have been completed since our 1998 review, although construction just began on a new State inspection facility in Santa Teresa, New Mexico, which is scheduled for completion by the end of 2001. The Transportation Equity Act for the 21st Century authorized funds for border improvements under the National Corridor Planning and Development Program and the Coordinated Border Infrastructure Program. Exhibit B shows \$30 million in Federal grants awarded in FYs 1999 through 2001 for the southern border.

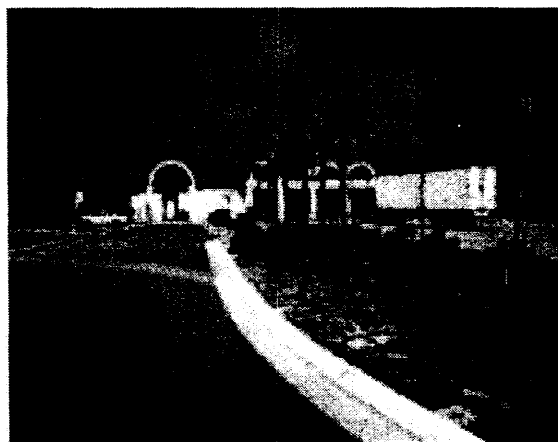
In its FY 2002 budget request, FMCSA requested \$54 million for State border infrastructure improvements and new construction, plus \$2.3 million for immediate Federal construction needs. According to FMCSA officials, the

\$54 million is for permanent State inspection facilities and will fund 80 percent of the construction costs requested by the border States.

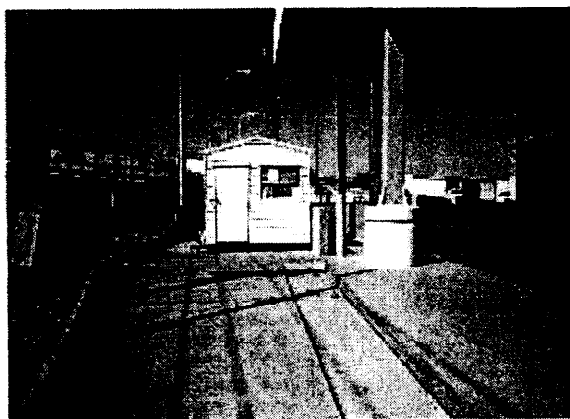
The Texas Legislature is currently considering a bill that proposes the construction of eight safety inspection facilities. However, provisions of the proposed bill allow that if an inspection facility is to be located in a municipality, then the municipality may choose its location, up to 60 miles away from the border. For example, a municipality such as Laredo, Texas, may choose to place an inspection facility up to 60 miles from Laredo, far beyond its existing commercial zone along Interstate 35. In the near term, if inspections are to be effective, they should be performed at or in close proximity to the border crossing. In addition, Arizona is planning to start construction of an inspection facility in Nogales at the end of this summer.

Otay Mesa Inspection Facility

Currently, the only permanent inspection facilities at the U.S.-Mexico border are the State facilities in Calexico and Otay Mesa, California. At the inspection facility in Otay Mesa (see the photograph at the right), adequate space is available to perform inspections and to place vehicles out of service. Commercial vehicles pass by the left side of the facility and are weighed on a "weigh-in-motion" scale. If a vehicle does not have a current inspection sticker (Commercial Vehicle Safety Alliance sticker valid for 3 months), the vehicle is selected for inspection and the inspection is performed in one of the four inspection bays on the right.



FMCSA Building at El Paso, Texas



At other locations, Federal and State inspectors work within the U.S. Customs Service's port of entry lots. Since our 1998 report, we observed that FMCSA had provided small portable buildings (see the photograph at the left) for seven of the larger crossings, six in Texas and one in Arizona, and had provided each Federal inspector assigned to the border a portable computer.

However, excluding the Otay Mesa and Calexico crossings, we observed the following conditions at the other 25 border crossings.

- At 20 crossings, FMCSA inspectors did not have dedicated telephone lines to access databases, such as those for validating a Commercial Driver's License.
- At 19 crossings, FMCSA inspectors had space to inspect only 1 or 2 trucks at a time.
- At 14 crossings, FMCSA inspectors had only 1 or 2 spaces to park vehicles placed out of service. Also, the out-of-service space was shared with the inspection space at the majority of these 14 crossings.

Since 1998, FMCSA had not obtained available space at the U.S. Customs Service compounds. For example, at the Pharr, Texas border crossing, according to U.S. Customs Service officials, about 1,200 commercial vehicles enter the United States per day. We observed that the FMCSA inspector present during our visit did not have a dedicated telephone line to verify Mexican Commercial Driver's Licenses. Also, we observed that FMCSA inspectors had dedicated space to inspect only two commercial vehicles at a time, and had only one or two additional spaces to park vehicles placed out of service. There was additional out-of-service space available outside the U.S. Customs compound. However, we observed several acres of available land in the center of the U.S. Customs compound that could be used for additional inspection and out-of-service space.

The pictures below illustrate a location that lacks sufficient and safe space to perform inspections. The space being used by FMCSA inspectors will only accommodate the inspection of two trucks as shown in the picture on the right. U.S. Customs Service reports indicate that over 30,000 trucks enter the United States each month at this crossing. In addition, the truck on the left is making a turn, at the direction of U.S. Customs agents, to proceed to the drug enforcement area. These turns happen frequently and are so close to FMCSA's inspection area that it is not safe. Additional space is available on the U.S. Customs Service compound. Behind the FMCSA inspection area (right picture) we observed several acres of available land.

Laredo, Texas - Columbia Bridge Border Crossing



Verification and Enforcement of Registration Information Remains Inconsistent

In 1999, we reported that adequate controls were not in place to ensure that Mexican carriers complied with U.S. operating authority statutes. Title 49, United States Code, Section 13902 (c) states that foreign motor carriers may not provide interstate transportation of property within the United States unless the Secretary of Transportation has issued certificates of registration granting authority to operate in the United States. Under the statute, motor carriers must also have a copy of a valid certificate of registration in any vehicle providing transportation.

During our recent visits, we found FMCSA continues to rely on the U.S. Customs Service and Federal safety inspectors at border crossings to review certificates of registration and ensure compliance with operating authority statutes. FMCSA inspectors we observed reviewed the certificates of registration as part of the safety inspections performed at the border crossings. The U.S. Customs Service, however, is not required to review certificates of registration as Mexican trucks enter the United States, and did not routinely do so at each border crossing.

We also found during our recent visits to border crossings that reviews of certificates of registration by State safety inspectors continued to differ from State to State. For example, State inspectors in California review certificates of registration when performing safety inspections at border crossings and throughout the State. Since 1992, California has had a State law to fine Mexican motor carriers operating without a certificate of registration or operating beyond the commercial zone.

However, State inspectors in Arizona, New Mexico, and Texas did not routinely review the certificates of registration because State laws are not compatible with Federal requirements regarding operating authority. According to State officials in these three border States, legislation has not been initiated to provide for enforcement against a motor carrier for operating without a certificate of registration or for operating beyond the authority granted. Consequently, unless the truck happens to be selected for a safety inspection by a Federal inspector at the border, the certificate of registration will probably not be reviewed.

In FY 1998, 65 Federal enforcement actions were initiated at the U.S.-Mexico border on carriers operating without authority. The number of enforcement actions initiated for operating without authority remained constant in FYs 1999 and 2000, not dropping below 60. The Motor Carrier Safety Improvement Act of 1999 provides increased fines for foreign motor carriers operating without authority. The increased fines are not more than \$10,000 for an intentional operating authority violation and not more than \$25,000 for a pattern of intentional operating authority violations. FMCSA's assessed fines have remained constant since 1998, averaging \$500 to \$1,000 for operating authority violations.

In our 1999 report, based on our analysis of FY 1998 FMCSA's roadside inspection data, we identified 254 Mexican domiciled motor carriers that operated improperly beyond the commercial zones and the border States. Our preliminary review of FMCSA's FY 2000 inspection data indicates that Mexican carriers continue to be inspected at roadside beyond the commercial zones and border States. However, we have not completed our verification of these inspection data to determine if the carriers were operating improperly.

Progress Made to Harmonize Motor Carrier Safety Processes Between Mexico and the United States

NAFTA created the Land Transportation Standards Subcommittee (Subcommittee) to monitor the development of compatible standards of motor carrier operations throughout Canada, Mexico and the United States. The Subcommittee consists of Federal transportation officials from each of the three countries. The Subcommittee has been meeting since mid-1994 to harmonize safety standards.

Since our 1998 report, Mexico has made progress in establishing safety standards for motor carrier operations. We obtained the status of Mexico's efforts primarily from the Subcommittee's joint statements of accomplishments and other related meetings, but we have not completed our verification of that information. The following is a summary of the specific elements related to safety oversight requested by Senator Hollings and Congressman Oberstar.

- **Commercial Driver's Licenses.** Through a 1991 memorandum of understanding between the United States and Mexico, reciprocity agreements have been executed to accept each other's Commercial Driver's Licenses. Under the Subcommittee, agreements were reached that require commercial drivers to be able to communicate in the country in which they operate and to be at least 21 years of age to operate a commercial motor vehicle in international commerce.
- **Driver Physical Qualifications.** Medical requirements for commercial drivers in the United States and Mexico have been compatible since 1991. Mexico includes the physical evaluation of drivers as part of its driver licensing process. Mexican drivers are medically examined every 2 years to receive and retain their licenses; however, no separate medical card is required. The United States requires drivers to have a medical examiner's certificate, which is renewed every 2 years, in addition to their Commercial Driver's License.
- **Hours of Service.** Mexican officials stated Mexico is developing hours of service requirements specifically for commercial drivers.
- **Driver Logs.** Mexico's President issued a decree requiring the use of driver logs by all commercial vehicle drivers on March 29, 2000. Mexican truck drivers carrying hazardous materials have been required to use logs since April 7, 1993.
- **Insurance.** The Mexican financial responsibility requirement (insurance policies) is approximately \$70,000 depending on the exchange rate, but the Mexican coverage does not apply in the United States. Title 49, United States Code, Section 31139 requires each motor carrier operating in the United States to have minimum levels of financial responsibility (insurance policies or surety bonds) from \$750,000 to \$5,000,000.
- **Drug and Alcohol Testing.** Procedures for administering drug and alcohol tests were harmonized with the signing of a Memorandum of Understanding between Mexico and the United States on June 10, 1998. The United States requires motor carriers to have a drug and alcohol testing program for all drivers with a Commercial Driver's License. However, Mexico does not have a laboratory, certified to U.S. standards, to perform drug testing.
- **Vehicle Safety Inspections.** Mexico issued minimum safety standards for commercial vehicles on July 24, 2000. These standards are based on Commercial Vehicle Safety Alliance out-of-service criteria and commercial driver and vehicle safety inspection standards. According to Mexican officials, their domestic roadside inspection program should be finalized by October 2001.

- **Safety Databases.** Mexico recently automated its information systems for commercial drivers, motor carriers and commercial vehicles. Mexico began adding commercial drivers to its database in mid-2000, and according to FMCSA officials, the database listed 56,000 commercial drivers as of January 2001. The major motor carriers that have a Federal Registration in Mexico (over 80,000 carriers) are in the motor carrier database, which will serve as the basis for Mexico's safety oversight program when complete.

RECOMMENDATIONS

We recommend that the Assistant Administrator (Chief Safety Officer):

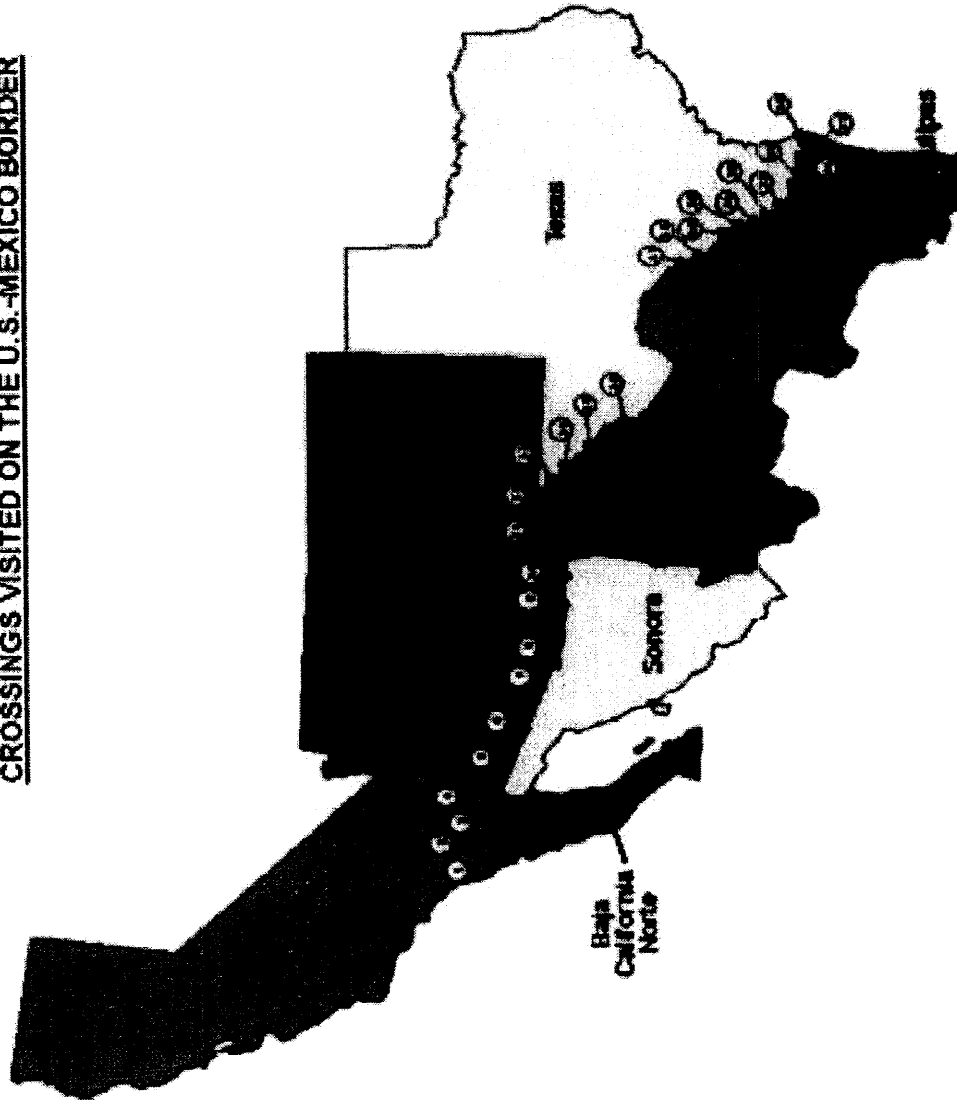
1. Finalize and execute a comprehensive plan that identifies specific actions and completion dates for the implementation of NAFTA's cross-border provisions. The plan should include:
 - Resources, both staffing and facilities, needed to reasonably ensure the safety of Mexican trucks and drivers entering the United States.
 - Provisions for ensuring safety as the commercial vehicles traverse the United States.
2. Increase the number of Federal safety inspectors at the U.S.-Mexico border to at least 139 (our 1998 estimate of 126 plus the 13 authorized in 1998) to perform safety inspections of commercial vehicles and drivers entering the United States during all port operating hours and to enforce Federal registration and safety requirements, and provide requisite inspection facilities.

ACTION REQUIRED

In accordance with Department of Transportation Order 8000.1C, we would appreciate receiving your written comments on this memorandum within 30 calendar days. If you concur with the results and recommendations, please indicate the specific actions taken or planned and the target dates for the actions. If you do not concur, please provide an explanation of your position. We welcome any alternative courses of action that could resolve the issues.

If you have any questions or require additional information concerning this memorandum, please call me on (202) 366-1992 or Thomas J. Howard, Deputy Assistant Inspector General for Maritime and Highway Safety Programs, on (202) 366-5630.

CROSSINGS VISITED ON THE U.S.-MEXICO BORDER



- ① Olay Mesa
- ② Tecate
- ③ Calexico
- ④ Andrade
- ⑤ San Luis
- ⑥ Lukeville
- ⑦ Sasabe
- ⑧ Nogales
- ⑨ Naco
- ⑩ Douglas
- ⑪ Columbus
- ⑫ Santa Teresa
- ⑬ El Paso-Bridge of the Americas
- ⑭ El Paso-Yula
- ⑮ Fabens
- ⑯ Presidio
- ⑰ Del Rio
- ⑱ Eagle Pass
- ⑲ Laredo-Columbia Bridge
- ⑳ Laredo-World Trade Bridge
- ㉑ Roma-Falcon Dam
- ㉒ Roma
- ㉓ Rio Grande City
- ㉔ Pharr
- ㉕ Progreso
- ㉖ Brownsville-Las Indias
- ㉗ Brownsville-Veterans Bridge

**Southern Border Improvement Grants Awarded
During FYs 1999-2001**

Location	Project	Allocation
FY 2001		
Nogales, AZ	Infrastructure improvements to property purchased for commercial vehicle inspections at port of entry.	\$ 750,000
Nogales, AZ	Intelligent Transportation System for international commercial vehicle crossing system in port of entry.	\$ 800,000
Otay Mesa, CA	Environmental study, design, and right-of-way acquisition along freeway to Otay Mesa port of entry.	\$ 4,100,000
Laredo, Texas	General Services Administration - Construction of third lane for truck processing at Columbia port of entry.	\$ 308,000
El Paso , Texas	General Services Administration – Construction of administrative station and four additional primary inspection lanes and booths at Bridge of the Americas port of entry.	\$ 1,500,000
Pharr, Texas	General Services Administration - Construction of 25 inspection bays with canopy at port of entry.	\$ 1,500,000
Texas	Acquire right-of-way for border safety inspection facilities at six Texas ports of entry.	\$ 1,400,000
Texas	Improvement Plan and related work for 6 ports of entry in El Paso area (including New Mexico).	\$ 450,000
FY 2001 Total	8 projects	\$10,808,000
FY 2000		
San Luis, AZ	Improved access to and egress from port of entry.	\$1,000,000

Exhibit B
Page 2 of 2

Nogales, AZ	Design, right-of-way acquisition, and construction to expand Nogales commercial vehicle inspection station.	\$1,175,000
Otay Mesa, CA	Deploy and evaluate a commercial vehicle Intelligent Transportation System at Otay Mesa border crossing.	\$1,000,000
Texas	Right-of-way acquisition and construction of border related safety inspection facilities at border crossings in five counties.	\$1,000,000
Texas	Installation of weigh-in-motion and automated vehicle identification devices and a host computer system at four Laredo ports of entry.	\$1,000,000
El Paso, TX	Relocate administrative station and add one lane to Paso del Norte International Bridge in El Paso.	\$1,000,000
FY 2000 Total	6 projects	\$6,175,000
FY 1999		
Nogales, AZ	Site development work for commercial vehicle inspection and weighing in vicinity of Nogales.	\$ 2,500,000
California	Coordinated study of feasibility of new border crossing, planning for port of entry improvements, and planning for improving border transportation efficiencies in vicinity of Mexicali and to improve border transportation systems with Baja, CA.	\$ 340,000
Laredo, TX	Construction of freeway overpasses and connectors from I-35 to new border crossing.	\$ 6,200,000
El Paso, TX	Border station improvements at the International Bridge of the Americas.	\$ 2,400,000
Texas	Construction of safety inspection facility, bus processing center, electronic vehicle traffic management system, and related improvements at three border crossings in Hidalgo port-of-entry system.	\$ 1,900,000
FY 1999 Total	5 projects	\$13,340,000
Total All 3 FYs	19 projects	\$30,323,000